

立法會
Legislative Council

LC Paper No. CB(1)1779/02-03

(These minutes have been seen
by the Administration)

Ref: CB1/SS/5/02/1

**Subcommittee on
Public Revenue Protection (Revenue) Order 2003 made under
section 2 of the Public Revenue Protection Ordinance (Cap. 120)**

**Minutes of Meeting
held on Thursday, 10 April 2003 at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon SIN Chung-kai
Hon Miriam LAU Kin-ye, JP
Hon Emily LAU Wai-hing, JP

Members absent : Hon Cyd HO Sau-lan
Hon CHAN Kam-lam, JP
Hon Abraham SHEK Lai-him, JP
Hon Michael MAK Kwok-fung

**Public officers
attending** : Mr Martin GLASS
Deputy Secretary for Financial Services and the Treasury

Miss Erica NG
Principal Assistant Secretary for Financial Services and
the Treasury

Mr Edward MAK
Assistant Secretary for Financial Services and the
Treasury

Ms Monica LAW
Senior Assistant Law Draftsman

Clerk in attendance : Ms Connie SZETO
Chief Assistant Secretary (1)4

Staff in attendance : Mr Stephen LAM
Assistant Legal Adviser 4

Mr S C TSANG
Senior Assistant Secretary (1)7

Action

I Meeting with the Administration

- (LC Paper No. CB(1) 1409/02-03(01) -- Administration's responses to the letter dated 3 April 2003 from the Clerk to the Subcommittee
- LC Paper No. CB(1) 1409/02-03(02) -- Survey commissioned by the Hong Kong Right Hand Drive Association and Motor Alliance on "Assessment of the impact of tax adjustment for private motor cars in 2003-04 financial year on the motor trade"
- LC Paper No. CB(1) 1409/02-03(03) -- Submission dated 9 April 2003 from The Motor Traders Association of Hong Kong
- LC Paper No. LS 86/02-03 -- Responses from Assistant Legal Adviser to the Administration's paper
- LC Paper No. CB(1) 1426/02-03 -- Submission dated 9 April 2003 from Hong Kong Right Hand Motors Association)

The Subcommittee deliberated (Index of proceedings attached at the **Annex**).

Admin 2. The Administration undertook to take follow-up actions as below:

- (a) To provide a breakdown on companies which registered two or more private cars for the period of January to March in the past years and identify those companies which were car dealers.
- (b) To provide information on the car models shown in Annex C of the Legislative Council (LegCo) Brief on the Revenue Bill 2003 and

details in working out the projected increase in retail price after the tax increase.

- (c) To provide a breakdown on number of cars registered as new or second-hand vehicles in the post-budget period of 2003.
- (d) To provide further information as given in the Annex to the Administration's paper (LC Paper No. CB(1) 1352/02-03(04)) submitted for the meeting on 3 April 2003 covering the period from January to April on a weekly basis.
- (e) To provide information on the impact of the first registration tax proposals on the retail price of vehicles with estimation on the amount of tax increases passed on to consumers and absorbed by dealers.
- (f) To provide up-dated information on the impact of first registration tax proposals on the motor trade including the effect on small and medium sized dealers and employment opportunities.

3. Having considered the trade's concerns and the consequences of repealing or not repealing the Public Revenue Protection (Revenue) Order 2003 (the Order), the Subcommittee considered it inappropriate to repeal the Order. The Subcommittee recommended that a Bills Committee should be formed to scrutinize the Revenue Bill 2003 as soon as possible.

II Any other business

4. There being no other business, the meeting ended at 10:05 am.

Council Business Division 1
Legislative Council Secretariat
27 May 2003

**Proceedings of the meeting of the Subcommittee on
Public Revenue Protection (Revenue) Order 2003 made under
section 2 of the Public Revenue Protection Ordinance (Cap. 120)
on Thursday, 10 April 2003 at 8:30 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000138	Chairman	Opening remarks	
000138 - 000930	Administration	Briefing on the Administration's responses to the letter dated 3 April 2003 from the Clerk to the Subcommittee (LC Paper No. CB(1) 1409/02-03(01))	
000930 - 001655	Ms Emily LAU Administration	Enquiry on the nature of the companies listed in Annex C to the Administration's paper (LC Paper No. CB(1) 1409/02-03(01)) Concern about the possibility of leakage of information on the First Registration Tax (FRT) proposals before the budget announcement which might lead to surge in registration figures during pre-budget period of 2003	
001655 - 002201	Ms Emily LAU Chairman Administration	Request for a breakdown on companies which registered two or more private cars for the period of January to March in the past years and information on companies which were car dealers	Admin
002201 - 003001	Dr David CHU Administration	Discussion on the impact of the new FRT on the retail price of motorcycles Clarification that the decrease in registration of private cars and FRT revenue in 1982-83 was mainly attributed to the Government's policy to suppress the number of vehicle registration	
003001 - 003528	Ms Miriam LAU Chairman Administration	Enquiry on how the projected increase of 5 - 12 % in retail prices of private cars with a taxable value below \$500,000 in 2002-03 was arrived at	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration made reference to Annex C to the Legislative Council (LegCo) Brief on the Revenue Bill 2003 to demonstrate the impact of FRT proposals on some representative car models.</p> <p>Request for information on the car models shown in Annex C to the LegCo Brief on the Revenue Bill 2003 and details in working out the projected increase in retail price after the tax increase</p>	Admin
003528 - 004348	Ms Miriam LAU Dr David CHU Mrs Selina CHOW Administration	Concern on the impact of the FRT proposals on the local economy and the motor trade, including the persons engaged in the trade	
004348 - 005047	Mrs Selina CHOW Administration	Request for a breakdown on the number of private cars registered as new or second-hand vehicles in the post-budget period of 2003	Admin
005047 - 005730	Mrs Selina CHOW Administration	<p>Concern that the FRT proposals might discourage car purchases and counter-productive to the Government's objective of raising revenue</p> <p>The Administration had factored possible drop in number of private car registrations and in average taxable value into the estimation of additional revenue. Given that the FRT proposals had already taken into account the current economic situation and the affordability of the consumers, the Administration considered that the proposed tax increase was reasonable.</p>	
005730 - 010218	Ms Emily LAU Chairman Administration	Request for further information as given in the Annex to the Administration's paper (LC Paper No. CB(1) 1352/02-03(04)) submitted for the meeting on 3 April 2003 covering the period from January to April on a weekly basis	Admin

Time marker	Speaker	Subject(s)	Action required
010218 - 011045	Mrs Selina CHOW Chairman Administration	Concern that the FRT proposals would cause hardship for car buyers and car dealers Request for information on the impact of the FRT proposals on the retail price of motor vehicles with estimation on the amount of tax increases passed on to consumers and absorbed by car dealers	Admin
011045 - 011419	Mr SIN Chung-kai Mrs Selina CHOW Chairman Administration	Discussion on legal options for dealing with the Order and their consequences as shown in Annex D to the Administration's paper (LC Paper No. CB(1) 1409/02-03(01))	
011419 - 012630	Mrs Selina CHOW Mr SIN Chung-kai Ms Emily LAU Chairman	Recommendation not to repeal the Order. A Bills Committee should be formed to scrutinize the Revenue Bill 2003 as soon as possible	
012630 - 012818	Ms Emily LAU	Request for updated information on the impact of FRT proposals on the motor trade including the effect on small and medium sized car dealers and employment opportunities	Admin
012818 - 013053	Chairman Clerk	Legislative timetable	

Note: The audio records of the above proceedings are kept at the Legislative Council Library.